

# STATE OF NEW YORK

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7903

2021-2022 Regular Sessions

## IN ASSEMBLY

May 28, 2021

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Introduced by M. of A. GOTTFRIED -- read once and referred to the  
Committee on Health

AN ACT to amend the public health law, in relation to establishing a  
state-level program of all-inclusive care for the elderly; to amend  
the social services law, in relation to making technical corrections  
to such law; and repealing certain provisions of the social services  
law relating thereto

The People of the State of New York, represented in Senate and Assem-  
bly, do enact as follows:

1 Section 1. Legislative findings and intent. The legislature finds that  
2 the Program of All-Inclusive Care for the Elderly ("PACE") is a feder-  
3 ally recognized model of comprehensive care for persons 55 years of age  
4 or older, qualifying for nursing home levels of care who wish to remain  
5 in their community (see, Sections 1894 and 1934 to Title XVIII of the  
6 Social Security Act; 42 CFR 460). The PACE program includes both Medi-  
7 caid and Medicare covered benefits. Federal preemption of state laws  
8 with respect to PACE has inhibited the ability of state agencies -  
9 particularly the New York State Department of Health ("DOH") - to regu-  
10 late PACE plans similarly to other public and commercial health plans.  
11 The legislature further finds that: Research has demonstrated that  
12 PACE has delivered marked improvements for enrollees in the programs  
13 nationwide including, but not limited to reduced hospitalizations and  
14 readmissions; reduced reliance on emergency medical services; improved  
15 quality of life; and higher satisfaction with the totality of their  
16 care. In conjunction with these improvements, the implementation of PACE  
17 in New York has realized significant savings to the state's Medicaid  
18 program compared to costs that would have been incurred under fee-for-  
19 service. As neither a fee-for-service model nor a managed long-term care  
20 plan, PACE represents a unique approach to care and coverage for those  
21 with long-term care needs. PACE organizations are currently required to  
22 be licensed and are regulated under multiple provisions of state and

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.

LBD11336-01-1

1 federal law. Uniformity of regulation of PACE organizations promotes  
2 both efficiency for organizations and for the state.

3 For all the foregoing reasons, it is the intent of the legislature  
4 through this act to provide a more efficient and uniform structure to  
5 promote the prudent development of PACE organizations in the state, to  
6 promote better health outcomes for New Yorkers enrolled in such  
7 programs, and to realize administrative efficiencies through these  
8 programs. It is the intent of the legislature to recognize PACE organ-  
9 izations as integrated providers of care and to that end, nothing in  
10 this article is intended to construe PACE organizations as a managed  
11 care organization as defined by article 44 of the public health law.

12 § 2. The public health law is amended by adding a new article 29-EE to  
13 read as follows:

14 ARTICLE 29-EE  
15 PROGRAMS OF ALL-INCLUSIVE  
16 CARE FOR THE ELDERLY

17 Section 2999-s. Definitions.

18 2999-t. PACE program establishment.

19 2999-u. Criteria for program eligibility and licensure.

20 2999-v. Eligibility and enrollment.

21 2999-w. Included program benefits.

22 2999-x. Reimbursement.

23 2999-y. Severability.

24 § 2999-s. Definitions. For the purposes of this article, the following  
25 terms shall have the following meanings:

26 1. "PACE organization" means a PACE provider, as defined in 42 U.S.C.  
27 §1395eee and established in accordance with federal public law 105-33,  
28 subtitle I of title IV of the Balanced Budget Act of 1997.

29 2. "Program of all-inclusive care for the elderly" or "PACE program"  
30 means the federally recognized model of comprehensive care that provides  
31 Medicaid and Medicare covered services to eligible individuals, and  
32 shall include those programs defined as "operating demonstrations" by  
33 section forty-four hundred three-f of this chapter.

34 3. "PACE center" means a diagnostic and treatment center established  
35 under article twenty-eight of this chapter and operated by a PACE organ-  
36 ization where primary care and other services are furnished to enrollees  
37 of such program.

38 4. "PACE program agreement" shall have the same meaning as defined by  
39 42 U.S.C. § 1395eee.

40 § 2999-t. PACE program establishment. 1. Notwithstanding any incon-  
41 sistent provision of law to the contrary, the commissioner shall estab-  
42 lish a state program of all-inclusive care for the elderly, to provide  
43 community-based, risk-based, and capitated long-term care services as  
44 optional services under the state's Medicaid state plan and any applica-  
45 ble waivers, as well as under contracts entered into between the federal  
46 centers for Medicare and Medicaid services, the department, and PACE  
47 organizations.

48 2. The establishment of such a program shall not preclude the contin-  
49 ued operation of existing approved PACE organizations at the time of  
50 enactment of this article. The department may establish a process, if  
51 deemed necessary, to assist the transition of such existing programs  
52 through processes and requirements set forth pursuant to this article.

53 § 2999-u. Criteria for program eligibility and licensure. 1. Program  
54 criteria. The requirements of the PACE program, as provided for pursuant  
55 to 42 U.S.C. § 1395eee and 42 U.S.C. § 1396u-4 shall not be waived or  
56 modified. New York state PACE organization requirements shall include:

1 (a) The provision of a PACE center; and  
2 (b) The adoption and implementation of an interdisciplinary team  
3 approach to care management, care delivery, and care planning.

4 2. Contracting. The department may enter into contracts with public or  
5 private organizations for implementation of the state's PACE program,  
6 and may enter into additional contracts as necessary to implement such  
7 program, or any other requirement deemed necessary to provide comprehen-  
8 sive community-based, risk-based and capitated long-term care to eligi-  
9 ble populations. Additionally:

10 (a) PACE organizations shall contract with the federal center for  
11 Medicare and Medicaid services to enter into a PACE organization agree-  
12 ment.

13 (b) PACE organizations licensed under this article shall be authorized  
14 to act as fiscal intermediaries for their enrollees without entering  
15 into additional contracts with the state to conduct such duties on  
16 behalf of enrollees.

17 3. Licensure. In setting forth requirements to establish the state's  
18 PACE program, the department shall provide for a unified licensure proc-  
19 ess for PACE organizations that is inclusive of program requirements set  
20 forth under articles forty-four, thirty-six, and twenty-eight of this  
21 chapter, as well as pertinent regulatory requirements for PACE organiza-  
22 tions in accordance with a regulatory approach which shall be estab-  
23 lished by the department. For the purposes of subdivision one of section  
24 sixty-five hundred twenty-seven of the education law, a PACE organiza-  
25 tion shall be deemed to be a health maintenance organization as defined  
26 by section forty-four hundred one of this chapter.

27 4. Operations and oversight. The department shall:

28 (a) Establish requirements for financial solvency for PACE organiza-  
29 tions in compliance with those set forth in paragraph (c) of subdivision  
30 one of section forty-four hundred three of this chapter, and shall  
31 establish a contingent reserve requirement for PACE organizations which,  
32 pursuant to regulations, may be different than other programs;

33 (b) Provide oversight of PACE organization operations in coordination  
34 with the centers for Medicare and Medicaid services, including any rules  
35 appropriate for the safe, efficient and orderly administration of the  
36 program; and

37 (c) Develop a single process for PACE organizations to complete all  
38 reports, audits, surveys, and other data or information collection  
39 required by federal, state or local authorities.

40 § 2999-v. Eligibility and enrollment. 1. To be eligible for enrollment  
41 in the PACE program, an individual must:

42 (a) (i) Be at least fifty-five years old;  
43 (ii) Meet the state's eligibility criteria for nursing home level of  
44 care;

45 (iii) Reside within the PACE program-approved service area; and  
46 (iv) Be able to be maintained safely in the community-based setting at  
47 the time of enrollment with the assistance of a PACE organization; or

48 (b) Be otherwise eligible for participation in a PACE demonstration or  
49 specialty program authorized by the federal PACE Innovation Act and  
50 approved by the centers for Medicare and Medicaid services.

51 2. Notwithstanding any law or regulation to the contrary, if federal  
52 law or regulation sets forth broader eligibility or enrollment require-  
53 ments than those set forth under subdivision one of this section, eligi-  
54 bility for the PACE program shall conform to such federal requirements.

55 3. Enrollment and participation by individuals in the PACE program  
56 shall be voluntary.

1     § 2999-w. Included program benefits. Enrollees in the PACE program  
2 shall be provided a benefit package by their PACE organization, regard-  
3 less of source of payment, that includes:

4         (a) All Medicare-covered items and services;

5         (b) All Medicaid-covered items and services, as specified in the  
6 state's Medicaid plan and in section three hundred sixty-four-j of the  
7 social services law; and

8         (c) Other such services as determined necessary by the interdisdiscipli-  
9 nary team to improve and maintain the participant's overall health  
10 status.

11     § 2999-x. Reimbursement. The department shall develop and implement,  
12 in conformance with applicable federal requirements, a methodology for  
13 establishing rates of payment for costs of benefits provided by PACE  
14 organizations to its Medicaid eligible PACE program enrollees.

15         1. Methodology. To the extent required by federal law, such rate meth-  
16 odologies for PACE organizations shall result in a payment amount no  
17 greater than the amount that would otherwise have been paid for compara-  
18 ble services provided pursuant to the state plan if the participants  
19 were not enrolled in the PACE program. PACE program rates shall be set  
20 in compliance with relevant centers for Medicare and Medicaid services  
21 rate setting rules and guidance.

22         2. Transparency. The department shall provide, or shall require any  
23 independent actuary used to review PACE program reimbursement rates to  
24 provide, to PACE organizations the documents and information regarding  
25 PACE program reimbursement rates submitted to the centers for Medicare  
26 and Medicaid services in a form and time frame consistent with the  
27 requirements for the department to provide or cause to be provided docu-  
28 ments and information to Medicaid managed care providers under paragraph  
29 (c) of subdivision eighteen of section three hundred sixty-four-j of the  
30 social services law.

31     § 2999-y. Severability. If any provision of this article, or any  
32 application of any provision of this article, is held to be invalid, or  
33 to violate or be inconsistent with any federal law or regulation, such  
34 violation or inconsistency shall not affect the validity or effective-  
35 ness of any other provision of this article, or of any other application  
36 of any provision of this article, which can be given effect without such  
37 provision or application; and to such end, the provisions and applica-  
38 tions of this article shall be severable.

39     § 3. Paragraph (c) of subdivision 18 of section 364-j of the social  
40 services law, as added by section 55 of part B of chapter 57 of the laws  
41 of 2015, is REPEALED.

42     § 4. Paragraph (c) of subdivision 18 of section 364-j of the social  
43 services law, as added by section 40-c of part B of chapter 57 of the  
44 laws of 2015, is amended to read as follows:

45         (c) In setting such reimbursement methodologies, the department shall  
46 consider costs borne by the managed care program to ensure actuarially  
47 sound and adequate rates of payment to ensure quality of care. The  
48 department shall require the independent actuary selected pursuant to  
49 paragraph (b) of this subdivision to provide a complete actuarial memo-  
50 randum, along with all actuarial assumptions made and all other data,  
51 materials and methodologies used in the development of rates, to managed  
52 care providers thirty days prior to submission of such rates to the  
53 centers for Medicare and Medicaid services for approval. Managed care  
54 providers may request additional review of the actuarial soundness of  
55 the rate setting process and/or methodology.

1     § 5. This act shall take effect January 1, 2022, provided, however,  
2     that the amendments made to section 364-j of the social services law  
3     made by sections 3 and 4 of this act shall not affect the repeal of such  
4     section and shall be deemed repealed therewith. Effective immediately,  
5     the addition, amendment and/or repeal of any rule or regulation neces-  
6     sary for the implementation of this act on its effective date are  
7     authorized to be made and completed on or before such effective date.